

**Performance Audit
Managing Community Center
Facility Use: Summer 2013 Adult
Hockey League at Line Creek**

April 2014



**Office of the City Auditor
Kansas City, Missouri**



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April 15, 2014

Honorable Mayor and Members of the City Council, and Members of the Board of Parks and Recreation Commissioners:

This audit of the employee-operated 2013 summer adult hockey league at Line Creek Community Center was initiated because of a complaint from an adult hockey league participant. Some Line Creek employees independently operated an adult hockey league at the community center after the previous hockey league operator stopped managing the league. Some participants incorrectly believed that the league was operated by the Parks and Recreation Department. The employees did not follow the *Board of Commissioners Philosophy & Policies* when they collected fees on community center property without obtaining approval.

It was inappropriate for community center employees to independently operate the hockey league because employees could have a conflict of interest between their community center work and league responsibilities. Because the Parks Department's management software was not set to record ice rentals by program or activity, we were unable to determine whether the league fully paid for its summer league ice rentals.

Since factors contributing to the problems at Line Creek could also exist at other community centers, our recommendations focus on factors to improve community center decision making and oversight. We make recommendations to the director of parks and recreation to improve the materials and training for staff related to providing athletic league opportunities and using RecTrac, the department's management software, to track payments by activity in order to better manage department resources and offerings.

We shared a draft of this report with the director of parks and recreation on March 31, 2014. His response is appended. We would like to thank the Parks and Recreation Department staff for their assistance and cooperation during this audit. The audit team for this project was Joyce Patton and Nancy Hunt.

Douglas Jones
City Auditor

Managing Community Center Facility Use: Summer 2013 Adult Hockey League at Line Creek

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Introduction

Objectives

We initiated this audit because of a complaint from a Line Creek Community Center adult hockey league participant. We conducted this audit of the 2013 summer adult hockey league's use of Line Creek Community Center under the authority of Article II, Section 216 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the city auditor's primary duties.

A performance audit provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability.¹

This report is designed to answer the following question:

- Did Parks and Recreation Department staff follow established rules and procedures in managing community center facility use for the 2013 summer adult hockey league at Line Creek?

Scope and Methodology

Our review focuses on the 2013 summer adult hockey league at Line Creek Community Center, operated by some Parks and Recreation Department employees. Our audit methods included:

- Interviewing Parks management to understand how Parks league activities should and should not be handled by community center staff.

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2011), p. 17.

- Interviewing Line Creek management to understand how staff handled the 2013 summer adult hockey league.
- Interviewing General Services Information Technology personnel to understand RecTrac, the Parks and Recreation Department's management software, controls and capabilities related to community center program management.
- Obtaining and reviewing Line Creek personnel timesheets to determine whether staff may have played or officiated games during their work shifts.
- Reviewing a consultant's draft report and plan on Parks and Recreation community center operations to identify conclusions and recommendations applicable to Line Creek, league activities, and RecTrac.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. No information was omitted from this report because it was deemed privileged or confidential.

Background

Line Creek Community Center

The Parks and Recreation Department operates Line Creek Community Center. Line Creek is an ice skating facility with a small workout room, meeting room, and pool. In fiscal year 2013, ice rink activities and snack bar sales generated most of the community center's approximately \$408,000 in revenue.

Ice rink activities occur seven days a week. The daily schedule varies, but can begin as early as 6 A.M. and extend until midnight. Line Creek is used for public skating and lessons; figure skating practice and lessons; adult hockey league games and stick time; youth hockey league games and lessons; and curling and speed skating activities.

Adult Hockey League

For a number of years, an adult hockey league played its games at Line Creek Community Center. The league plays a fall/winter season and a summer season. During the seasons, league games are normally played at the community center four nights a week. Another adult hockey league, not run by Parks employees, rented ice time a fifth night a week.

Twenty-three teams signed up and paid a fee to the league to participate in the summer 2013 adult hockey league. Their fees helped pay for the rental of the ice rink, game officials, maintenance of the team's website, and t-shirts for the winning team in each league. Summer league fees were \$1,700 or \$1,800 depending on who officiated the games.

Board of Parks and Recreation Commissioners

The Board of Parks and Recreation Commissioners is responsible for the control, management, and development of parks property. The Charter of Kansas City, Missouri, authorizes the Board of Parks and Recreation Commissioners "to license or lease any land, building, or parts thereof in any park for any public park and recreation purposes..."²

License Agreement

A license is a revocable privilege to go on the property of another to do a particular thing. Written license agreements have been used by the Parks Department to allow others to organize and carry out activities, such as athletic league activities, on Parks property. Until October 2013, the Parks Department had not used a written license agreement to authorize the operation of adult hockey league activities at Line Creek.

² Charter of Kansas City, Missouri, Art. X, Sec. 1010.

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Findings and Recommendations

Line Creek Staff Did Not Follow Board's Policies

Line Creek Community Center staff did not follow the *Board of Commissioners Philosophy & Policies* when they operated a non-parks league and charged a fee on Parks and Recreation Department property without Board approval. Parks and Recreation Department management said that it was not appropriate for staff to operate a non-parks league on Parks and Recreation property. Patrons may be confused and community center employees could develop conflicts of interests. Line Creek sales and revenue records are inadequate to determine whether the league fully paid the ice rental fees owed for summer league play.

The Parks and Recreation Department should update its policies and procedures to provide direction on the methods that could be used by staff to properly provide participants with athletic league opportunities. Staff should be trained on these methods. The department should also train staff on the use and capabilities of RecTrac, the department's management software and use the software to track revenue by program and league.

Staff Operated a Non-Parks League on Parks Property

From 2011 until the fall of 2013, the adult hockey league at Line Creek was run by Line Creek staff members in a private capacity, not as a Parks and Recreation Department league. In 2011, the previous adult hockey league operator stopped managing the league. In order to keep the league going, staff ran the fall/winter and summer adult hockey leagues for two years.

According to Parks and Recreation Department management, it is not appropriate for Parks employees to independently operate a league at a Parks facility. Participants may incorrectly believe that the league is a Parks league or a conflict of interest may develop.

Line Creek's image suffered and participants were confused when community center employees collected league fees. We began this audit after a hockey league participant complained that Line Creek employees would not accept a credit card to pay for adult hockey league fees, although a credit card reader was available. Because the summer

league was not operated by the Parks Department, the fees employees were collecting for their adult hockey league were not collected for Parks and Recreation and were not processed as payments to the department. When league participants wrote checks out to the Parks Department to pay for league fees, even though the league was not a Parks sanctioned activity, the league used those checks to pay for ice time.

Employees played and refereed for the league. Four Line Creek employees played on adult hockey league teams. Two of these employees also refereed league games. We were told employees were required to take their meal break to play on an adult hockey league team during their work hours and that no Line Creek employees refereed during their paid work hours. We were unable to confirm these statements because meal break times and the dates that staff refereed games are not available.

Staff Did Not Follow the Board's Policy

The employees running the summer 2013 adult hockey league did not follow the *Board of Commissioners Philosophy & Policies*. According to the *Philosophy & Policies*, "A group wishing to collect a donation, or levy a fee or charge on Parks, Recreation and Boulevards property must obtain permission to do so ..."³ Community center employees running the summer adult hockey league did not obtain permission before collecting adult hockey league fees on Line Creek property.

Department management was not responsive to previous attempts to get approval. Line Creek Community Center staff told us that the center had never had a written agreement with the adult hockey league despite years of league activity. Staff reported that, in the past, they had forwarded draft agreements to Parks and Recreation Department headquarters for review and approval, but nothing was returned.

Policies and procedures and training on community center management need to be expanded. We asked Parks Department management and staff to provide us with their policies and procedures. The only policies and procedures provided by management were the *Board of Commissioners Philosophy & Policies* and a Parks Administrative Regulation on Rules of Conduct. We were also referred to *Contract Central*, which sets out procedures and templates for use in city contracting, and past practices of the department. Community center staff provided a copy of the city's *Human Resources Rules and Policy*

³ *Board of Commissioners Philosophy & Policies*, Sec. II. Use of Parks, Playgrounds and Facilities, Fees & Charges, January 2007.

Manual, cash handling procedures, RecTrac materials, other miscellaneous manuals and instructions. None of the materials provided specifically discussed license agreements or other methods of providing leagues at community centers. An August 2013 consultant's draft report on *Parks and Recreation Community Facilities Operations Plan* reported that staff at the community centers found Parks' policies and procedures to be outdated and in need of revision.

Having current written policies and procedures is essential to effective community center management. For staff, written policies and procedures can communicate how the job should be performed and serve as a guide to enable staff to be consistent in their actions. In addition, written policies and procedures can outline the authority and responsibilities of individual employees; serve as a reference tool for infrequently encountered situations; and lessen the threat to continuity posed by employee turnover.

The *Board of Commissioners Philosophy & Policies* recognizes that "Parks, Recreation and Boulevard activities and programs may be done in partnership with individuals and/or organizations in order to provide a wide variety of programming for the betterment of the community."⁴ The draft consultant's report identified a need for an increase in adult sports programs. It also reported that adult and youth focus groups and public forum participants expressed an interest in the department developing or expanding sport leagues. Expanded adult sports programs and leagues could be provided at Parks facilities by non-parks parties. As a result, staff at the Parks and Recreation Department community centers may need a clearer understanding of the available methods of offering sports league activities. While training had been provided on how to complete the program proposal forms for parks sponsored programs, no training had been provided on license agreements, the method ultimately used with new league providers in October 2013.

The consultant's draft report concluded that although community center staff are eager to do the right thing in delivery of program services, they lack appropriate oversight. Had written guidance or training been provided, staff may have been more likely to have followed proper procedures.

To provide adequate direction to community center managers and to strengthen consistent decision making and community center management, the director of parks and recreation should issue policies and procedures and train staff on the appropriate methods of providing activities.

⁴ *Board of Commissioners Philosophy & Policies*, II. Use of Parks, Playgrounds and Facilities.

Records Are Inadequate to Determine League Payments

The Parks and Recreation Department's accounting records are inadequate to determine whether the Parks Department was compensated fully for the ice time used for the summer 2013 adult hockey league. We reviewed RecTrac records, the department's management software for recreation facilities, to try and track the summer 2013 league payments for ice time. Staff did not record ice rental payments by program or league. Even after reviewing the payment records with staff, we could not identify which ice rental payments were for the summer adult hockey league.

Matching revenues and expenses by activity is critical to managing community center program offerings, including leagues. Management should be able to identify revenues generated by each program offered. The consultant's draft report found staff want more information on costs and pricing. In addition, the consultant reported that an increasing number of programs do not draw enough participants to support them. To evaluate program performance and to manage center activities, the director of parks and recreation should identify revenues generated by each program offered, including leagues.

In our 2011 *Collection, Deposit, and Recording of Community Center Fees* audit, we found that Parks and Recreation staff were not using RecTrac's full capabilities to record and process payments. The consultant's draft report found that staff considered RecTrac difficult to use due to a lack of proper training. In order to obtain better payment information and to more fully utilize the capabilities of RecTrac, the director of parks and recreation should provide community center staff with additional training on the use and capabilities of RecTrac so that payments may be tied to specific programs or leagues.

Recommendations

1. The director of parks and recreation should issue current policies and procedures and train staff on the appropriate methods of providing league activities.
2. The director of parks and recreation should ensure staff identifies revenues generated by each community center program or activity.
3. The director of parks and recreation should provide community center staff with additional training on the use and capabilities of RecTrac.

Appendix A

Director of Parks and Recreation's Response

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Inter-Departmental Communication



DATE: April 10, 2014
TO: Doug Jones, City Auditor
FROM: Mark L. McHenry, Director of Parks and Recreation
SUBJECT: Performance Audit – Line Creek Community Center

1. Recommendation:

The director of parks and recreation should issue current policies and procedures and train staff on the appropriate methods of providing league activities.

Response:

Agreed. Although there have been some specific policies and procedures put in place and training done in the past, we agree that this is an area that needs improvement. The Community Services division will work with the Finance division to document these processes, procedures, and policies.

2. Recommendation:

The director of parks and recreation should ensure staff identifies revenues generated by each community center program or activity.

Response:

Agreed. This is an area that has been improved upon greatly since January 1 of this year, there is room for improvement in this area.

3. Recommendation:

The director of parks and recreation should provide community center staff with additional training on the use and capabilities of RecTrac.

Response:

Agreed. The department will continue to train all RecTrac users on the program and capabilities of the program. We will also send our RecTrac administrator to more training so he can share the potential uses with staff.